

Message Text

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44

ACTION AID-31

INFO OCT-01 AF-10 ISO-00 IGA-02 L-03 EB-11 OMB-01 TRSE-00

CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 /071 W

----- 104379

P R 141450Z SEP 73

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC PRIORITY 5504

AMEMBASSY ABIDJAN PRIORITY

INFO AMEMBASSY NIAMEY

UNCLAS COTONOU 1404

E.O. 11652: N/A

TAGS: EAID, DM, US

SUBJECT: PARAKOU-MALANVILLE LOAN 625-H-002: LOCAL
COSTS AND CONDITIONS PRECEDENTS

DEPT PASS AID/W; ABIDJAN FOR REDSO; NIAMEY FOR ADO

REF: (A) ABIDJAN 6430

(B) ABIDJAN 4004, 7/24/72

(C) STATE 034768

(D) ABIDJAN 5918

(E) ABIDJAN 6318

1. BASIC DOCUMENT IN DETERMINING LOCAL COSTS FINANCED
EITHER UNDER OR IN ADDITION TO THE SUBJECT LOAN IS SIGNED
LOAN AGREEMENT BETWEEN THE MRGD AND THE USG, DATED JULY 28,
1972. USE OF LOAN CAP FIGURE PER REFS D AND E PURELY FOR
AID INTERNAL USE. ON BASIS OF LOAN AGREEMENT, WE
CONCLUDE THE FOLLOWING:

A. LOCAL COSTS FINANCED UNDER LOAN: CEILING OF
\$1,294,000 AS SET FORTH IN DRAFT LOAN AGREEMENT WAS
DELETED FROM FINAL AGREEMENT TEXT BEFORE JULY, 1972, SIGNING
PER REF B. BECAUSE THERE NO SPECIFIC LOCAL COST COMPONENT
CEILING AGREED TO BY BOTH PARTIES, DO NOT BELIEVE DEVALUATION
ADJUSTMENT REQUEST PER REF A, PARA 12, SHOULD BE BASED ON
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\$1,294,000 FIGURE. PROBLEM OF SUCH ADJUSTMENT NOT NEW. IT

WAS BROUGHT UP BY PUBLIC WORKS MINISTER ATCHADE AND PUBLIC WORKS DIRECTOR GBAGUIDI IN THEIR MEETING WITH AAXAFR DONALD BROWN PER REF C DURING THEIR NEGOTIATIONS WITH IBRD, FEBRUARY, 1973. SUGGEST ANY DEVALUATION ADJUSTMENT BE BASED ON MORE SPECIFIC LOCAL COST ESTIMATES TO BE DETERMINED BY REDSO/WA, WHICH MAY OR MAY NOT EXCEED THE \$1,294,000 SUM.

B. LOCAL COSTS IN ADDITION TO THOSE FINANCED UNDER USAID LOAN: THIS PRESUMABLY DAHOMEAN CONTRIBUTION TO PROJECT. ESTIMATES OF MRGD CONTRIBUTION OUTLINED IN CAP P. 6 DO NOT, IN OUR OPINION, CONSTITUTE MRGD COMMITMENT, AND SHOULD NOT BE BASIS OF SATISFYING CP 3.01 (G) CALLING FOR EVIDENCE OF SOURCE AND AVAILABILITY OF FUNDS FOR MRGD CONTRIBUTION AS STATED IN SECTION 4.02 OF LOAN AGREEMENT. LANGUAGE IN SECTION 4.02 LOUX AGREEMENT, WHICH LISTS FUNDS AND RESOURCES TO BE PROVIDED BY MRGD, VAGUE AND UNCOSTED. THERE ALSO NO RECORD ANY SUBSEQUENT EXCHANGE LETTERS WHERE DAHOMEAN CONTRIBUTION MADE MORE SPECIFIC. IN ORDER SATISFY CP 3.01 (G), SUGGEST ALL MENTION COST BE DELETED FROM SUBSTANCE LETTER SUGGESTED BY REDSO PARA 3, REF E, AND THAT MRGD BE COMMITTED ONLY TO PROVIDING SOURCE AND AVAILABILITY FUNDS OR RESOURCES REQUIRED FOR PROJECT.

2. FYI. SENTENCE SECTION 1.01 LOAN AGREEMENT SETTING LOCAL COST CEILING WAS DELETED ONLY IN ENGLISH VERSION AND NOT REPEAT NOT IN THE FRENCH VERSION. REDSO SHOULD ARRANGE WITH MRGD TO HAVE THIS CORRECTED. END FYI.
SAFDERSON

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NNN

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Disposition Approved on Date:
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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: COTONOU
Handling Restrictions: n/a
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ISecure: 1
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